

DECISION MEMORANDUM

TO: COMMISSIONER KJELLANDER
COMMISSIONER REDFORD
COMMISSIONER SMITH
COMMISSION SECRETARY
COMMISSION STAFF
LEGAL

FROM: NEIL PRICE
DEPUTY ATTORNEY GENERAL

DATE: MARCH 27, 2013

SUBJECT: APPLICATION OF SPIRIT LAKE EAST WATER COMPANY; CASE
NO. SPL-W-13-01

On March 5, 2013, Spirit Lake East Water Co. (“Spirit Lake” or “Company”) filed an Application requesting authority to increase its rates and charges for water service. *Application* at 1. The Company did not propose an effective date for the proposed changes to its rates. Spirit Lake requests that the case be processed through Modified Procedure. *Id.*

On March 26, 2013, Commission Staff (“Staff”) submitted production requests to the Company to obtain more detail regarding the Company’s Application.

THE APPLICATION


Spirit Lake is a water corporation with offices in Coeur d’Alene, Idaho. In its Application, Spirit Lake proposes to increase its current base rate by 106%, from \$12.50 to approximately \$24.75 per month for usage up to 9,000 gallons. *Id.* Additionally, Spirit Lake proposes to institute at a rate of 12 cents per 100 gallons consumed for all usage in excess of 9,000 gallons during each billing period. *Id.*

The Company requests authority to change its billing and meter reading procedure from a quarterly to monthly meter reading schedule. *Id.* The Company included an estimate of the future costs of this new billing procedure in its attached work papers. The Company asserts that a “more frequent meter reading has been requested by many of the Company’s customers and the Company believes that it would be in the best interest of the public to convert to a program of monthly billing.” *Id.*

Spirit Lake's attached workpapers utilize a 2011 historical test year. The Company's rate base calculations reveal a current rate base of \$232,750. The Company's 2011 income statement demonstrate test year revenues of \$72,870 less total expenses of \$114,830 for a net income of -\$41,961. The Company alleges that, based upon an 11.42% allowed rate of return, it is operating under a total revenue deficiency of \$77,544 (including expenses for the processing of its current rate case). Combining the Company's test year revenue with its estimated total revenue deficiency lead to a total revenue requirement of \$150,414, or an approximately 106% overall increase from current rates.

COMMISSION DECISION

Does the Commission wish to process Spirit Lake's Application through Notice of Application and Modified Procedure?

A handwritten signature in black ink, appearing to read 'Neil Price', is written over a horizontal line.

Neil Price
Deputy Attorney General

M:SPL-W-13-01_np